February 4, 2019

Chair Norman Needleman
Chair David Arconti
Senator Paul M. Formica
Representative Charles Ferraro

Energy Committee:

We are submitting testimony in **support of H.B. 6242 AN ACT PROHIBITING SURCHARGES FROM BEING LEVIED ON UTILITY CUSTOMERS TO SUBSIDIZE INTERSTATE NATURAL GAS PIPELINE CAPACITY.**

The Connecticut Energy Marketers Association (CEMA) represents 576 energy marketers in Connecticut. CEMA members employ over 13,000 people in our state.

A study (https://www.mass.gov/files/documents/2016/11/pe/reros-study-final.pdf) done by Massachusetts Attorney General Maura Healy concluded that New England does not need new natural gas pipelines, now or in the future. The Attorney General's study makes it clear that new pipelines are a bad economic investment and concludes that building unneeded natural pipelines would place New England on a trajectory of *"failure to meet the region's climate change goals"* and would *"increase GHG emissions-reduction compliance costs"* over the long-run.

The state of Maine's Public Utilities Commission also conducted a study (https://mpuc-cms.maine.gov/CQM.Public.WebUI/MatterManagement/MatterFilingItem.aspx?FilingSeq=86937&CaseNumber=2014-00071) that found gas pipelines are a bad investment for Maine consumers and we would argue that the same applies to Connecticut. The Maine study recommended that the state should not enter into contracts to purchase gas pipeline capacity because the costs of doing so would outweigh the benefits.

Connecticut's Comprehensive Energy Strategy (CES) has a goal of converting nearly 300,000 homes to natural gas and they accomplish that goal by shifting all the costs and risks to ratepayers. In 2015, Connecticut became the only state in New England to allow electric ratepayers to be charged to build, operate and maintain new interstate gas pipelines potentially adding more costs to consumers.

I am sure that the utilities and pipeline operators will tell you that the cost of building infrastructure is cost prohibitive, but I would argue that companies like Eversource that are reporting profits that outperform the industry average can afford to work with pipeline companies to build their own infrastructure.

Only a few months ago Jim Judge, Eversource chairman, president and chief executive officer stated *"2018 continues to be a year of strong operational and financial performance…continuing to be an attractive investment for our shareholders."* After the company reported third quarter earnings of $289.4 and $801.7 million through first nine months of 2018 (https://www.eversource.com/content/docs/default-source/investors/eversource-third-quarter-2018-earnings-news-release.pdf?sfvrsn=9664cd62_4).

State law does not allow family owned heating oil or propane companies to charge surcharges to fund the construction of storage or pipelines, but current law unfairly allows the natural gas industry to do so on the backs of ratepayers.

In addition to the unfair subsidization of natural gas pipeline construction, the "no leak" policy that applies to the 600 local home heating oil/Bioheat® and propane dealers along with the 1,400 gasoline station owners does not apply to Yankee Gas/Eversource and Southern Connecticut Gas and Connecticut Natural Gas/Avangrid. This double standard is harmful to the environment and independently owned businesses who compete against the natural gas utilities who are allowed to get away with leaking at will.

Being a regulated monopoly with a guaranteed rate of return/profitability, should not allow utilities to be treated differently than mom and pop fuel retailers under Connecticut laws. We would argue that guaranteed profitability and being shielded from competition should require having to rise to a higher standard – not a lower one!

H.B. 6242 seeks a level playing field and equal treatment under the law and we ask that language be added to the bill that requires all gas leaks be repaired.

Any and all heating oil/Bioheat®, diesel, and gasoline leaks (to name a few) must be reported to DEEP and cleaned up, but the same is not so for natural gas. A recent study commissioned by the Connecticut Chapter of the Sierra Club (https://issuu.com/ctsierraclub/docs/hartford__ct_mobile_methane_leak_su) found that in Hartford alone, **gas pipelines leak approximately 43,000 cubic feet per day, or 313 metric tons per year. That is equivalent spilling and not cleaning up 320 gallons of oil per day (or 117,000 gallons per year)**.

Just because you can't see natural gas leaks, it doesn't mean that they are not there and that they are not doing environmental damage.

According to Gale Ridge, PhD, a scientist and researcher on the Sierria Club study, "*In a one month period, we found about 700 leaks in Hartford. Over a one year period covering the same area, PURA reported 139 leaks. Even recognizing that some of the leaks we found are known to PURA, that's about a 5 fold difference. We believe that CNG may be missing a large percentage of its leaks."* – how would your local fuel deal or gas station be treated by regulators if they were leaking fuel?

Connecticut’s Comprehensive Energy Strategy (CES) promotes and facilities the use of natural gas over home heating oil/Bioheat® even though it is 87 times more harmful at trapping greenhouse gases and has higher emissions than (ultra low sulfur heating oil blended with 2% biodiesel). Why does the law support ratepayer subsidy of new pipeline when they can’t properly maintain the infrastructure that they currently have?

Connecticut needs to level the playing field, shield consumers from further economic harm and protect the environment by addressing this injustice!

CEMA asks that the Energy Committee **support of H.B. 6242 AN ACT PROHIBITING SURCHARGES FROM BEING LEVIED ON UTILITY CUSTOMERS TO SUBSIDIZE INTERSTATE NATURAL GAS PIPELINE CAPACITY.**

Respectfully,

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